

Message Text

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC PRIORITY 5741

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FOR PAUL T. LUEBKE, A/OS

E.O. 11652: N/A

TAGS: ASCH, KE

SUBJECT: PURCHASE OF NAIROBI INTERNATIONAL SCHOOL

REF: A) NAIROBI 8210, B) STATE 237427

GE1. SUMMARY: COMMUNITY ACTIVITIES TO PURCHASE NAIROBI INTERNATIONAL SCHOOL (NIS) CONTINUE APACE. THERE IS GOOD PROSPECT THAT TRANSACTION CAN BE EFFECTED, PROVIDED PRICE ASKED BY UNITED STATES INTERNATIONAL UNIVERSITY (USIU-SAN DIEGO) IS REASONABLE AND THREE GOVERNMENTS INVOLVED, UNITED STATES, CANADA, AND SWEDEN, CAN PROVIDE GRANTS TO ASSIST COMMUNITY ABSORB CAPITAL COSTS. END SUMMARY.

2. ACTION REQUESTED: REQUEST URGENT CONSIDERATION OF FEASIBILITY OF GRANT BY USG BEYOND RECENT \$5,000 SEED MONEY WHICH COMMUNITY COMMITTEE GREATLY APPRECIATED. WE NEED INDICATION OF AMOUNT WHICH MIGHT BE POSSIBLE SO THAT WE CAN NEGOTIATE FURTHER WITH OTHER INTERESTED PARTIES. ALSO REQUEST NAMES OF SUITABLE CANDIDATES A/OS MIGHT UNCOVER TO SERVE AS ADMINISTRATION OF NEW SCHOOL. NEEDED ARE OVERALL SCHOOL ADMINISTRATOR, STRONG IN BUSINESS MANAGEMENT, SECONDARY SCHOOL PRINCIPAL, AND ELEMENTARY SCHOOL PRINCIPAL. END ACTION REQUESTED.

3. FOLLOWING IS SYNOPTIC PRESENTATION OF RECENT COMMITTEE ACTIVITIES.

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4. RESEARCH. RETURNS FROM SEPARATE QUESTIONNAIRES SENT TO 130 AMERICAN BUSINESS FIRMS IN KENYA AND 360 PARENTS WITH CHILDREN AT NIS REVEALED THAT MORE THAN 85 PERCENT OF CHILDREN RECEIVE SIGNIFICANT FINANCIAL

ASSISTANCE FROM BUSINESS FIRMS OR OTHER ENTITIES, SUCH AS DIPLOMATIC MISSIONS. IN ALL CASES, FINANCIAL ASSISTANCE MENTIONED IN RESPONDENT SAMPLING COVERED 75 PERCENT OR MORE OF COSTS. FREQUENT COXENT BY THOSE WHO REPLIED WAS THAT NIS ALREADY CHARGES MORE THAN OTHER FACILITIES OF COMPARABLE QUALITY IN KENYA. NIS TUITION FOR SECONDARY SCHOOL IS \$1800. NONTHELESS, RECOGNIZING THAT OTHER SCHOOLS ARE ALREADY OPERATING AT CAPACITY, AND THAT IN SOME CASES THEY DO NOT PROVIDE IDEAL NORTH AMERICAN CURRICULUM, PARENTS HAVE STRONG WISH SEE NIS CONTINUE UNDER COMMUNITY MANAGEMENT. THEY AND THEIR ORGANIZATIONS ARE WILLING MAKE CORRESPONDING FINANCIAL SACRIFICES BUT REQUIRE ADDITIONAL ASSISTANCE FROM AMERICAN, CANADIAN, AND SWEDISH GOVERNMENTS TO COVER CAPITAL COSTS.

5. APPRAISAL OF SCHOOL'S VALUE. THOUGH NIS DIRECTOR WARREN HAMILTON HAS INDICATED HIS ASKING PRICE WILL BE LOWER, ADMINISTRATION'S APPRAISER HAS VALUED SCHOOL AT \$1.1 MILLION, INCLUDING FIXED ASSETS (LAND, BUILDINGS) AND MOVEABLES (FURNITURE, LABORATORY EQUIPMENT, BOOKS, ETC.). COMMUNITY'S APPRAISER HAS MADE PRELIMINARY VALUATION OF \$520,000 FOR FIXED ASSETS, WITH VALUE OF MOVEABLES YET TO BE FINALLY DETERMINED. CERTAIN ADJUSTMENTS WHICH WILL TAKE ACCOUNT OF GREATER PHYSICAL DEPRECIATION THAN ORIGINALLY CALCULATED BY COMMUNITY'S APPRAISER MAY RESULT IN COMMUNITY OFFER WHICH IS LESS THAN FIGURE JUST MENTIONED. WE ARE SEEKING MORE DEFINITIVE PROFESSIONAL EVALUATION, UTILIZING SEED MONEY GRANTED BY USG.

6. METHOD OF FUNDING. PREFERENCE IN AMERICAN BUSINESS SECTOR IS FOR LOADING CAPITAL COSTS ON TUITION RATHER THAN ISSUE CAPITAL LEVY CERTIFICATES AS DONE IN JAKARTA. BUSINESS RECESSION IN USA AND DESIRE BY HOME OFFICES AVOID TYING UP CAPITAL ABROAD, NO MATTER HOW LITTLE, HAS LED TO THIS ATTITUDE. SOME FIRMS HAVE IN-LIMITED OFFICIAL USE
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DICATED POSSIBILITY OF GRANT, HOWEVER, AND COMMITTEE IS STEPPING UP PRESSURE FOR DEFINITE COMMITMENTS.

7. INCORPORATION. PRELIMINARY INSTRUMENTS FOR INCORPORATION, INCLUDING CONSTITUTION AND BY-LAWS HAVE GONE THROUGH SEVERAL MARK-UPS. SCHOOL WILL PROBABLY BE RE-NAMED, PERHAPS "INTERNATIONAL SCHOOL OF KENYA," TO AVOID CONFUSION WITH PREDECESSOR AND THEREBY IMPROVE CREDIT RATING. COMMITTEE HAS RECOMMENDED THAT IN NEAR FUTURE DEPUTY CHIEFS OF MISSION FROM AMERICAN EMBASSY, CANADIAN HIGH COMMISSION, AND SWEDISH EMBASSY GET TOGETHER TO DISCUSS SETTING UP TRIPARITE FOUNDATION

(NON-PROFIT CORPORATION WITH LIMITED LIABILITY WHICH WOULD ATTRACT NO TAX AND ENJOY DIPLOMATIC PRIVILEGES) TO RECEIVE AND ADMINISTER ASSETS AND PARTICIPATE IN APPOINTMENT OF INTERIM BOARD OF EDUCATION.

8. TIMING OF CHANGEOVER. COMMITTEE DEBATED POSSIBILITY OF ASSUMING MANAGEMENT OF SCHOOL ABOUT JANUARY 1 THROUGH RENTAL ARRANGEMENT (RENT TO BE PAID OUT OF TUITION) IF DEFINITE TRANSACTION FOR PURCHASE IN VIEW AND ONLY AWAITS COMPLETION OF FORMALITIES. REASON IS EXTREME INSECURITY OF TEACHERS. RECENT FIRING OF PRINCIPAL RAMON STADE AND APPOINTMENT OF UNPOPULAR WARREN HAMILTON AS PRINCIPAL HAS ADDED FUEL TO TEACHER DISCONTENT STEMMING FROM CAUSES, MAINLY FINANCIAL, DESCRIBED NAIROBI 8210.

9. REQUEST FOR DEPARTMENT'S HELP IN RECRUITMENT OF NEW SCHOOL ADMINISTRATOR AND TWO PRINCIPALS, WHO WOULD ALSO TEACH PART-TIME. COMMITTEE WOULD VERY MUCH APPRECIATE ANY IDEAS A/OS MAY HAVE REGARDING AVAILABILITY OF OUTSTANDING SCHOOL ADMINISTRATOR AS WELL AS SEPARATE PRINCIPALS FOR SECOND-ARY AND ELEMENTARY SCHOOLS. COMMITTEE IS ASCERTAINING LOCAL AVAILABILITY BUT DOES NOT WISH CONFINE ITSELF TO LOCAL HIRE. WD WOULD LIKE OVERALL ADMINISTRATOR TO BE ON BOARD JANUARY 1, IF POSSIBLE, TO ASSIST IN TRANSITION.

10. CONCLUSION: COMMITTEE'S MOST IMMEDIATE OBJECTIVE IN REACH AGREEMENT ON PRICE WITH PRESENT OWNERS. IN LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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VIEW USIU'S ATTITUDE SHOWN TO DATE, THIS WILL NOT BE EASY AND MAY EVEN ULTIMATELY PROVE IMPOSSIBLE. IF THAT IS CASE, WE WOULD THEN THROW ALL RESOURCES INTO ESTABLISHING TOTALLY NEW SCHOOL. SITUATION OF FACULTY AND PARENTS, WHO MUST MAKE PLANS FOR SCHMGC YEAR BEGINNING AUGUST 1976, DOES NOT PERMIT PROTRACTED HAGGING WITH USIU. TIME FACTOR ALSO MILITATES STRONGLY AGAINST ANY DEMURRAL BY INTERESTED GOVERNMENTS ON QUESTION OF GRANTS. \$5,000 ALREADY MADE AVAILABLE BY USG HAS REPRESENTED TREMENDOUS BOOST TO COMMITTEE AND HAS UNDERSCORED CREDIBILITY OF COMMUNITY EFFORT AT DIFFICULT PSYCHOLOGICAL MOMENT. IT HAS NOT RPT NOT ENGENDERED SLIGHTEST NOTION ON PART OF ANYONE THAT HE IS IN FOR FREE RIDE. CANADIAN HIGH COMMISSION ACTIVELY EXPLORING GRANT. O. EKLOV, CHAIRMAN SWEDISH SCHOOL, NAIROBI, TRAVELS STOCZOLM NEXT WEEK TO VISIT SWEDISH NATIONAL BOARD OF EDUCATION, DISCUSS AVAILABILITY OF GRANT AND DELIBERATE OTHER ASPECTS OF SWEDISH PARTICIPATION.

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